

## Message Text

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ACTION EA-14

INFO OCT-01 EUR-25 ISO-00 CIAE-00 DODE-00 PM-07 H-03

INR-11 L-03 NSAE-00 NSC-07 PA-04 RSC-01 PRS-01 SP-03

SS-20 USIA-15 NIC-01 DRC-01 IO-14 DPW-01 SR-02 ORM-03

AGR-20 SAJ-01 HEW-08 AID-20 COME-00 EB-12 FRB-03

TRSE-00 XMB-07 OPIC-12 CIEP-03 LAB-06 SIL-01 OMB-01

/231 W

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R 031020Z OCT 74

FM AMEMBASSY VIENTIANE

TO SECSTATE WASHDC 1029

INFO AMEMBASSY BANGKOK

AMEMBASSY MOSCOW

CINCPAC

C O N F I D E N T I A L VIENTIANE 7571

E.O. 11652: GDS

TAGS: PFOR, ECON, EAID, MOPS, SREF, LA

SUBJECT: TALK WITH SOVIET AMBASSADOR

1. SOVIET AMBASSADOR VDOVINE SPENT AN HOUR WITH ME THIS MORNING REVIEWING THE SITUATION HERE FOLLOWING A THREE MONTH HOLIDAY IN THE SOVIET UNION.

2. POLITICAL SITUATION. I TOLD VDOVINE THAT IT SEEMED TO ME THAT PATHET LAO SUSPICION OF THE UNITED STATES AND NERVOUSNESS REGARDING POSSIBLE COUPS D'ETAT WAS DIMINISHING. INDEED THE FACT THAT PHOUMI, SOTH PHETRASY, SOUPHANOUVONG, NGON SANANIKONE AND OTHERS WERE ALL ABSENT FROM THE COUNTRY SEEMED TO INDICATE THAT BOTH SIDES WERE CONFIDENT REGARDING THE POLITICAL STABILITY OF THE KINGDOM. VDOVINE AGREED AND SAID HE HAD JOKED WITH PHOUMI ABOUT THIS WHEN HE PASSED THROUGH MOSCOW.

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I NOTICED THAT AS A RESULT OF SOUVANNA'S ILLNESS,

CONTROVERSIAL POLITICAL ISSUES HAD BEEN SET ASIDE AND THAT I WAS ENCOURAGED BY THE MANNER IN WHICH BOTH SIDES WERE BEGINNING TO RESOLVE CONCRETE PROBLEMS SUCH AS THE RETURN OF POW'S. VDOVINE AGREED THAT THE POW RETURN HAD BEEN HANDLED EFFICIENTLY AND IN A CONCILIATORY MANNER BY BOTH SIDES.

3. MIA'S. VDOVINE ASKED ME WHAT THE CURRENT STATUS OF THE MIA ISSUE WAS. I REPLIED THAT THE PATHET LAO AFFIRMED THAT EMMET KAY WAS THE ONLY LIVING AMERICAN POW AND THAT IF THIS WERE SO TWO OTHER QUESTIONS REMAINED. FIRST WE BELIEVED THE PL SHOULD ACCOUNT FOR AMERICANS WHO WERE KNOWN TO HAVE BEEN ALIVE IN THEIR HANDS SOME YEARS AGO. PHOTOGRAPHS OF AMERICANS WITH PATHET LAO SOLDIERS HAD APPEARED IN PRAVDA AND OTHER PAPERS. WHAT HAD HAPPENED TO THESE PILOTS? THE OTHER ISSUE WAS THAT OF INVESTIGATING CRASH SITES AND I EXPLAINED OUR HOPE THAT SOME PLAN COULD BE DEVELOPED USING "NEUTRAL" PERSONNEL TO INVESTIGATE THESE SITES. COMMENT: VDOVINE HAS BEEN HELPFUL ON THE POW/MIA ISSUE IN THE PAST AND I WENT INTO THIS AT SOME LENGTH WITH HIM IN THE HOPE THAT HE WILL REFLECT OUR VIEWS IN FURTHER CONVERSATIONS WITH THE PATHET LAO.

4. REFUGEES. I TOLD VDOVINE THAT PHOUMI HAD SAID THAT THE JCIA WOULD SHORTLY ADDRESS ITSELF TO THE EARLY RETURN OF REFUGEES BUT THAT WE HAD AS YET NO IDEA OF THE ROLE WHICH WE MIGHT BE ASKED TO PLAY. I MENTIONED THE FORTHCOMING ARRIVAL OF A UNHCR REPRESENTATIVE AND EMPHASIZED DUE NEED FOR COORDINATION WITH THE LAO AND WITH DONOR ORGANIZATIONS.

5. ECONOMIC SITUATION. I REVIEWED BRIEFLY WITH VDOVINE THE STATE OF THE ECONOMY AND POINTED OUT THAT SOME OF OUR PLANNING FOR THE FUTURE WOULD BE AFFECTED BY THE GRANTS OF COMMODITIES WHICH THE PGNU WOULD RECEIVE FROM SOCIALIST COUNTRIES. IT WOULD OBVIOUSLY BE NONSENSE FOR THE U.S. OR FEOF TO FINANCE RICE, CEMENT OR MEDICINE IMPORTS IF THE

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NEEDS OF LAOS WERE MET BY THE SOCIALIST AID THEY WOULD RECEIVE. I ASKED VDOVINE WHETHER MOSCOW HAD DECIDED ON THE ASSISTANCE IT WOULD PROVIDE TO LAOS. VDOVINE REPLIED THAT THE LAO HAD MADE TWO REQUESTS, THE FIRST WAS TOO LARGE AND THE SECOND WAS NOW BEING STUDIED. THE ECONOMISTS IN MOSCOW WOULD OF COURSE WANT TO KNOW HOW RUSSIAN-PROVIDED COMMODITIES WERE TO BE USED. AS FAR AS HE COULD

MAKE OUT, THE PGNU HAD NOT EVEN BEGUN TO CONSIDER THE MANNER IN WHICH RICE AND OTHER COMMODITIES FROM SOCIALIST COUNTRIES WOULD BE HANDLED. CLEARLY, HE SAID, THESE ARTICLES WOULD IN MANY CASES BE SOLD TO THE PUBLIC BUT THE LAO SEEM TO HAVE NO SYSTEM IN MIND FOR PRICING OR DISTRIBUTION.

6. ECONOMIC DEVELOPMENT. VDOVINE WENT ON TO SAY THAT HE DID NOT BELIEVE THAT THE PGNU HAD A SENSIBLE PLAN FOR ECONOMIC DEVELOPMENT. THE LAO WERE ALWAYS DELIGHTED TO BE GIVEN THINGS BUT NO ONE SEEMED TO HAVE ANY CLEAR IDEA OF WHAT SHOULD BE DONE NEXT. I NOTED THAT THE SOUPHANOUVONG 18-POINT PLAN WAS NOT REALLY A BLUEPRINT FOR ACTION AND THAT TO BE REALISTIC ANY PLANNING FOR THIS COUNTRY WOULD HAVE TO BE BASED ON A COMPREHENSIVE ASSESSMENT OF THE RESOURCES BEING MADE AVAILABLE BY FOREIGN COUNTRIES. FURTHERMORE, SOME AID WHILE HELPFUL INCREASED CALLS ON SCARCE FOREIGN EXCHANGE. IF THE SOCIALIST COUNTRIES GAVE LAOS A THOUSAND TRUCKS, FOREIGN EXCHANGE REQUIREMENTS FOR GASOLINE WOULD BE INCREASED COMMENSURATELY. VDOVINE ADDED THAT THE LAO MUST ESTABLISH SOME SENSIBLE SCHEME FOR MAINTENANCE AND FOR THE PROVISION OF SPARE PARTS. THE SOVIET UNION WOULD WISH TO BE SURE THAT ANY COMMODITIES IT PROVIDED TO LAOS WERE SENSIBLY UTILIZED AND CONTRIBUTED TO THE ECONOMIC DEVELOPMENT OF THE COUNTRY. I COMMENTED THAT I FOUND IT HARD TO BELIEVE THAT LAOS COULD BECOME SELF-SUPPORTING ON THE BASIS OF EXPORTS OF LUMBER AND TROPICAL PRODUCTS. IN MY VIEW, A SERIOUS EFFORT SHOULD BE MADE TO ESTABLISH WHAT MINERAL RESOURCES EXISTED AND IT WAS ESSENTIAL THAT QUALIFIED GEOLOGISTS BE GIVEN ACCESS TO BOTH ZONES, AFTER WHICH A REGIONAL

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SCHEME FOR THE EXPLOITATION OF SUCH MINERALS AS MIGHT EXIST COULD BE DEVELOPED. VDOVINE AGREED WITH THE FOREGOING. I GOT THE IMPRESSION THAT HE WOULD WELCOME THE ESTABLISHMENT OF FREEDOM OF MOVEMENT BETWEEN THE TWO ZONES. COMMENT: AS THE SOCIALIST COUNTRIES ENTER THE AID GAME HERE, I NOTE THAT THEY BEGIN TO TALK MORE AND MORE LIKE US.

7. SOCIAL UNREST. I TOLD VDOVINE THAT THE ONLY HEW PROBLEM WHICH HAD EMERGED DURING HIS ABSENCE WAS THE UNREST ARISING FROM THE RISING COST OF LIVING. THERE HAD BEEN SEVERAL SMALL STRIKES ALREADY AND THIS EMBASSY ANTICIPATED THAT FURTHER LABOR UNREST WAS LIKELY. VDOVINE APPEARED TO BE WELL BRIEFED ON THIS

SUBJECT.

COMMENT: I HAVE MADE A PRACTICE IN THE  
PAST OF STAYING IN TOUCH WITH VDOVINE AND WILL CON-  
TINUE TO DO SO. HE IS A CALM AND THOUGHTFUL OBSERVER  
OF THE SCENE HERE AND IS A USEFUL CONDUIT INTO PATHET  
LAO CIRCLES TO WHOM I BELIEVE HE GIVES A TRUTHFUL  
ACCOUNT OF U.S. VIEWS.  
WHITEHOUSE

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## Message Attributes

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